

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 914 - SB 1295

March 11, 2021

SUMMARY OF BILL: Requires the method of calculating payment for services rendered by a chiropractor be the same as calculating payment for services rendered by a medical physician if the insured is entitled to reimbursement for such services.

ESTIMATED FISCAL IMPACT:

**Increase State Expenditures – \$1,464,000/FY21-22
\$2,928,000/FY22-23 and Subsequent Years**

**Increase Federal Expenditures – \$95,700/FY21-22
\$191,400/FY22-23 and Subsequent Years**

**Increase Local Expenditures – \$223,800/FY21-22*
\$447,500/FY22-23 and Subsequent Years***

Assumptions:

- The proposed legislation will apply to the State Group Insurance Plan (SGIP) that takes effect January 1, 2022.
- Based on information provided by the Division of Benefits Administration, requiring the method of calculating a payment for services rendered by a chiropractor be the same as by a medical physician will result in an increase in expenditures to the SGIP.
- The increase in state expenditures is estimated to be \$1,958,740 for the State Plan, and \$969,276 for the Local Education Plan in FY22-23 and subsequent years. Due to the January 1, 2022 effective date, the increase in state expenditures is estimated to be \$979,370 (\$1,958,740 x 50.0%) for the State Plan and \$484,638 (\$969,276 x 50.0%) for the Local Education Plan in FY21-22.
- Some state plan member's insurance premiums are funded through federal dollars. The increase in federal expenditures in FY22-23 and subsequent years is estimated to be \$191,359. Due to the January 1, 2022 effective date, the increase in federal expenditures is estimated to be \$95,680 (\$191,359 x 50.0%) in FY21-22.
- The state does not contribute to the Local Government Plan; any increase in premiums will be entirely absorbed by the participating agencies and their members.
- It is estimated the Local Government Plan would be responsible for a mandatory increase in local expenditures estimated to be \$447,512 in FY22-23 and subsequent

years. Due to the January 1, 2022 effective date, the increase in local expenditures is estimated to be \$223,756 ($\$447,512 \times 50.0\%$) in FY21-22.

- The impact on local governments that do not opt into the Local Government Plan is unknown; therefore, the total increase in local expenditures is estimated to exceed \$447,512 in FY22-23 and subsequent years. Due to the January 1, 2022 effective date, the increase in local expenditures is estimated to exceed \$223,756 in FY21-22.
- Based on information provided by the Division of TennCare (Division), the Division's managed care organizations currently use a similar method for calculating reimbursement for these services; therefore, any fiscal impact is estimated to be not significant.

Total Fiscal Impact:

- The total increase in state expenditures in FY21-22 is estimated to be \$1,464,008 ($\$979,370 + \$484,638$).
- The total increase in state expenditures is estimated to be \$2,928,016 ($\$1,958,740 + \$969,276$) in FY22-23 and subsequent years.
- The total increase in federal expenditures in FY21-22 is \$95,680.
- The total increase in federal expenditure is estimated to be \$191,359 in FY22-23 and subsequent years.
- The total increase in local expenditures in FY21-22 is estimated to exceed \$223,756.
- The total increase in local expenditures is estimated to exceed \$447,512 in FY22-23 and subsequent years.

**Article II, Section 24 of the Tennessee Constitution provides that: no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

IMPACT TO COMMERCE:

Increase Business Revenue –

Exceeds \$1,783,400/FY21-22

Exceeds \$3,566,900/FY22-23 and Subsequent Years

Increase Business Expenditures –

Less than \$1,783,400/FY21-22

Less than \$3,566,900/FY22-23 and Subsequent Years

Assumptions:

- Healthcare providers that provide chiropractic services will experience an increase in business revenue for providing services.
- The increase in business revenue is estimated to exceed \$1,783,444 ($\$1,464,008 + \$95,680 + \$223,756$) in FY21-22 and exceed \$3,566,887 ($\$2,928,016 + \$191,359 + \$447,512$) in FY22-23 and subsequent years.
- For companies to retain solvency, any increased expenditures will be less than the amount of increased revenues collected. Therefore, the increase in business expenditures

is estimated to be less than \$1,783,444 in FY21-22 and less than \$3,566,887 in FY22-23 and subsequent years.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Bojan Savic". The signature is written in a cursive, flowing style.

Bojan Savic, Interim Executive Director

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